

ICN Sale or Lease Proposal Evaluation Process

It is the intent of the Iowa General Assembly to offer to sell or lease the assets and business of the ICN to the offeror who submits the offer deemed to be the best value in terms of the highest price offered and in compliance with the Mandatory Requirements and assumptions defined in the RFP.

Proposals must comply with the requirements set forth in Sections IV and V of the RFP.

Compliance to the general definitions, assumptions and objectives as defined in Section IV.A will be evaluated as “Acceptable” or “Unacceptable”.

For the Mandatory Requirements defined in the RFP in Section V.C.1-4, proposals will be assigned a numerical score of 0, 1, 2 or 3 in each evaluation category, each of which will receive equal weighting:

“0” means the offer does not meet the Mandatory Requirement

“1” means the offer meets, but does not materially exceed the Mandatory Requirement

“2” means the offer materially exceeds the Mandatory Requirement

“3” means the offer significantly exceeds the Mandatory Requirement and/or that of other offerors.

A proposal that scores a “0” in any evaluation category shall be deemed unacceptable.

The scoring relating to exceeding these Mandatory Requirements will be made on an absolute and comparative basis; that is, an offer must materially exceed the Mandatory Requirement to receive other than a “1”, but rankings of “2” or “3” for those exceeding will be made primarily on a comparative basis.

It is anticipated (but not required) that, after review of initial proposals, the ICN will undertake discussions with each offeror whose offer, after initial review, meets the Mandatory Requirements for each evaluation category. As part of these discussions, offerors will be expected, upon the ICN’s request, to meet with the ICN and provide presentations as to specific elements of their proposals or their ability to carry out the plans presented therein. ICN also reserves the right, at any stage in the privatization process before execution of definitive agreements, to request additional information or the submission of revised proposals from any offeror or all offerors who have initially met the Mandatory Requirements.

Scoring Compliance with the General Definitions, Assumptions and Objectives as Defined in Section IV.A of the RFP

General definitions, assumptions and objectives	Response Type	Acceptable/ Unacceptable
All Offerors will be required to meet pre-qualification requirements stated in the bid process. <i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i>	Affirmative answer, no detail required	
To protect any proprietary information all potential Offerors will be required to enter a Non Disclosure Agreement to the extent allowable by Iowa law. <i>Offeror must affirmatively confirm and comply with this Requirement.</i>	Affirmative answer, no detail required	
To protect proprietary information the ICN shall enter into a Non Disclosure Agreement with all bid respondents to the extent allowable by Iowa law. <i>Offeror will affirmatively confirm and comply.</i>	Affirmative answer, no detail required	

<p>All assets, contracts, colocations, and ROW listed in the RFP will be documented by the ICN <i>without independent audit</i>. Buyer / seller verifications and independent audits, as deemed necessary will occur post offer as a component of contract finalization. <i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i></p>	Affirmative answer, no detail required	
<p>Any buyer or lessee of the ICN must continue to provide all products in use as of bid closing at a “lower overall long-term cost” as required by the legislation. <i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i></p>	Affirmative answer, no detail required	
<p>Authorized users will consist of all entities falling under the current statutory definition irrespective of if those authorized users are current active customers of the ICN. An authorized user definition will be identified in the RFP. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>The period of time that “lower overall long-term cost” must be maintained will be five years from the effective date of the sale/lease for all currently provided services, with the exception of the Capitol Complex telephone system, which is not part of this RFP. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>“Lower overall long-term cost” will be defined in the RFP as 1% or lower than the current product cost as identified in the price list stated in the RFP. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>“Lower overall long-term cost” must also include the annualized maintenance cost as incurred by the State of Iowa through Infrastructure Appropriations averaged over the last three-year period less the amount of dollars used for the one-time expense of upgrading the Capitol Complex telephone system. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>The ICN has current service standards agreed to with both government and non-government users of the network. The buyer / lessee must continue to meet the same level of response and service restoration timeframes stated in these agreements. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>The management of the Capitol Complex Phone system and all connected devices will remain within the administrative function of the State of Iowa. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>The buyer / lessee will receive all new and existing operational revenue generated by users from the effective date of sale/lease. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>The buyer / lessee may turn off service due to nonpayment. <i>Offeror must affirmatively confirm understanding and agreement with this</i></p>	Affirmative answer, no	

<i>Requirement.</i>	detail required	
For the purposes of RFP documentation all information will be listed with an “effective as of” date as close as is practical to RFP release. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i>	Affirmative answer, no detail required	
The RFP process will be run in parallel to the normal course of business at the ICN. No changes to current day-to-day business or future business planning will occur as a function of the ongoing RFP for sale or lease of the network. <i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i>	Affirmative answer, no detail required	
The ICN is currently engaged in the support of the FCC RHCPP and is directly involved in an ARRA project (BTOP). Any buyer / lessee of the ICN must comply with all requirements of these federal programs as stated in the RFP. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i>	Affirmative answer, no detail required	
A guaranteed amount of capacity must be maintained for public safety in all cases. Offerors will provide an explanation as to how this will be accomplished. <i>Offeror will affirmatively confirm and provide a description of the Offeror’s plan to maintain guaranteed amount of bandwidth for public safety purposes.</i>	Detailed response required	
If the United States Department of Defense requires that the ICN hub be moved from the Joint Forces Headquarters (JFHQ) facility, the expense of this relocation shall be incurred by the buyer/lessee. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i>	Affirmative answer, no detail required	
The ICN currently utilizes and has access to non-tangible assets such as the I3 billing and procurement system of the State of Iowa, Department of Administrative Services. The replication of the functions these systems provide shall be at the buyer/lessee’s expense. <i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i>	Affirmative answer, no detail required	
Any buyer/lessee of the ICN must be approved by the National Telecommunications and Information Administration to assume the responsibilities related to the ARRA BTOP grant. <i>Offeror must affirmatively confirm and demonstrate compliance with this Requirement.</i>	Detailed response required	
The private, secure, and dedicated bandwidth of the ICN must remain in order for the network to provide primary and backup connectivity for the Statewide Interoperability as needed and determined by the Board. <i>Offeror will affirmatively confirm and provide a description of the Offeror’s plan to provide primary and backup connectivity for the Statewide Interoperability.</i>	Detailed response required	
Sale of the network will be the transfer of ownership of all physical assets listed in the RFP. 1. Fiber strand 2. Switches, optics and electronics 3. Other assets as stipulated in RFP	Affirmative answer, no detail required	

<p><i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i></p>		
<p>Sale of the network will include the transfer of liability of all contracts related to the delivery of Offeror provided connections listed in the RFP (unless contracts stipulate they cannot be transferred).</p> <ol style="list-style-type: none"> 1. Maintenance contract with Windstream (or current network operator) 2. Carrier circuit monthly billing 3. Fiber IRU's 4. Maintenance contracts of equipment 5. Prepaid user circuits 6. Local telephone company providers' part 3 circuits 7. Other liabilities as stipulated in RFP <p><i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i></p>	Affirmative answer, no detail required	
<p>The buyer will incur all operational expenses related to new (added) network components and maintenance from the date of sale closure forward.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>All Offerors responding to the RFP must be prepared to reach acceptable terms for collocation, power, secure space, etc. with all collocation space owners currently housing ICN equipment, circuits or fiber (only some of which may be State agencies). ICN assumes that if acceptable collocation terms cannot be reached with existing collocation space owners alternate space (and subsequent related costs associated with moving into new space) shall be at the buyer's expense.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>The buyer must demonstrate the ability to secure adequate collocation agreements in such a manner as to provide seamless delivery of existing services prior to closing.</p> <p><i>Offeror will affirmatively confirm and provide a description of the Offeror's plan to secure collocation agreements.</i></p>	Detailed response required	
<p>In the event of a sale, ICN services will no longer be restricted to authorized users as defined under Iowa Code chapter 8D, and implemented pursuant to 751 IAC 7.1. Following a sale, the ICN would become an open network.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>A buyer of the ICN must have and maintain common carrier status as defined by the Telecommunications Act of 1996 and be qualified to provide services through E-Rate funding under the Universal Service Fund.</p> <p><i>Offeror must affirmatively confirm and demonstrate compliance with this Requirement.</i></p>	Detailed response required	

<p>The ICN, as a State of Iowa agency, pays no property or income tax as a part of the operation of the network. The buyer of the network would pay both property and income taxes as defined in municipal, county, state, or federal code. A lessee would not be responsible for property taxes as the State of Iowa would maintain ownership. The lessee would, however, be responsible for all appropriate income taxes from revenues earned.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>Lease of the network will be defined as the rental of all physical assets listed in the RFP. The State of Iowa will remain the owner of those physical assets. Under a lease, the State of Iowa will remain responsible for all contracts and expenses related to carrier circuits, fiber IRUs and network maintenance. The state will continue to incur all costs related to any contracts currently in place including all costs, related to collocation and Rights of Way (ROW) expense.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i></p>	Affirmative answer, no detail required	
<p>The initial term of a lease will be five years from contract closure with two five year renewals at the option of the State.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Objective.</i></p>	Affirmative answer, no detail required	
<p>A CPI adjustment will be applied annually to all operational expenses related to underlying costs being maintained by the State of Iowa.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>Lessee must provide written notice 12 months in advance of intention to renew or not renew lease renewal option.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Affirmative answer, no detail required	
<p>A lease of the network assets will require the State of Iowa to maintain some of the personnel functions currently being performed by the ICN during the lease period. These costs would be reflected in the calculation of the lease payment by the lessor.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Detailed response required	
<p>The lessee will receive a Service Level Agreement (SLA) that clearly indicates which network functions will be maintained on an ongoing basis by the State of Iowa.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Detailed response required	
<p>In the event the ICN is leased, current law requires that ICN services will remain restricted to authorized users as defined under Iowa Code chapter 8D, and implemented pursuant to 751 IAC 7.1.</p> <p><i>Offeror must affirmatively confirm understanding and agreement with this Requirement.</i></p>	Detailed response required	

Scoring Compliance with the Mandatory Requirements as Defined in the RFP

Mandatory Requirements	Score
<p>Rate Stabilization. The General Assembly of the State of Iowa has mandated that the terms of the sale of the ICN require any buyer to allow existing authorized users of the network to continue to receive services at lower overall long-term cost when compared to the anticipated operation and maintenance costs if state ownership and control were to continue. “Lower overall long-term cost” is defined as at least one percent (1%) lower than the current product cost as identified in the price list stated in Appendix F. Authorized Users includes all entities falling under the current statutory definition irrespective of whether or not those authorized users are current active customers of the ICN. The term of this requirement will be five years from the date of closing.</p> <p>The Offeror must define and commit to a plan to mitigate upward pressure on rates and to offer rates lower than currently exist for a period of five years.</p> <p>The Offeror will be subject to oversight by a state government assigned authority regarding terms of conformance with post-closing requirements of the privatization agreements relating to rate stabilization; the successful Offeror must submit to the oversight authority and file an annual audited report on such conformance for each of first five years following closing. Oversight provisions are pending and subject to legislative approval as part of the sale or lease approval legislation</p>	
<p>Service Standards. The Offeror will define, agree to and demonstrate the viability of a plan to offer services levels at or above service standards as defined in Appendix G.</p> <p>The buyer will be subject to oversight by a state government assigned authority regarding terms of conformance with post-closing requirements of the privatization agreements relating to service standards and commit to the submission to the oversight authority of an annual audited report on such conformance for at least the first five years following closing.</p>	
<p>Future Viability. Offerors must demonstrate, individually or as an affiliated group (a) a proven track record of financial success over the past years, and (b) substantial gross annual sales and net assets so as to establish that the Offeror has the necessary resources and experience to support the long term management of the ICN (historic annual revenues which exceed ICN’s annual revenues over the past five years and net assets of at least \$100 million are preferred minimums).</p>	
<p>Common Carrier Status. Offerors must demonstrate they are licensed by the FCC as a common carrier in good standing, as defined by the Telecommunications Act of 1996 and be qualified to provide services through E-Rate funding under the Universal Service Fund.</p>	

Scoring Compliance with the Proposal Requirements as Defined in Section VII of the RFP

Offeror Qualifications	Response Type	Acceptable/ Unacceptable
<p>Disclosure Statement and Waiver. Each Offeror, and in the case of a joint venture (whether or not in corporate form), each venture partner (or member or shareholder, as applicable), any Responsible Parent/Affiliate and, if the Offeror is an entity whose securities are not traded on a recognized national market in the U.S., or comparable market exchange outside of the U.S., any person or entity owning any percentage of the outstanding beneficial interests and/or voting securities in such Offeror, shall complete and submit a Disclosure Statement and Waiver form appearing at Appendix H.</p>	<p>Document Required (Appendix H of RFP)</p>	
<p>Registrations and Reporting Requirements. Each Offeror must obtain, prior to submission of its offer, required Federal Employer Identification Numbers (FEIN) and an Iowa Business Tax Registration as provided by the Iowa Department of Revenue.</p>	<p>Proof Required</p>	
<p>Other Corporate Information. Proposals should include detailed information describing the Offeror (or each member of a joint offer). This information should include, at a minimum:</p> <ul style="list-style-type: none"> a) recent (last three years) audited financial statements; b) a description of the sources and extent of credit resources to be used to support the offer and operation of the ICN business; c) a description of the Offeror's business, with particular emphasis on business activity and technical qualifications, experience and resources relevant to maintaining, operating and expanding a telecommunications business in Iowa; d) a description of the Offeror's employee relations record over the past five years; e) a description of the Offeror's qualifications with respect to FCC-granted licenses under the Communications Act of 1934, as amended, addressing at a minimum direct and indirect foreign ownership including ownership by foreign governments (Non-US entities may submit evidence of current U.S. common carrier authorizations as prima facie evidence of eligibility). Offeror should indicate if they believe an FCC waiver will be required for transfer of license and any potential CFIUS concerns; and f) any other information about the Offeror that the Offeror would like the ICN to consider, including the corporate structure and ownership of Offeror. 	<p>Documents Required</p>	
<p>Financial Proposal. The Offeror's financial proposal should include, at a minimum:</p> <ol style="list-style-type: none"> 1. a specification of the Purchase Price as required under Section V.B.1. Any offer that does not include assumption of all such debt and liability must include an offer of a cash amount which at least equals 	<p>Detailed Response Required</p>	

<p>or exceeds the Minimum Cash Consideration by the value of the debt and/or liabilities not assumed. The Purchase Price must also include an amount of cash paid at closing equal to or greater than at least fifty percent (50%) of the Minimum Cash Consideration.</p> <p>2. a description of the Offeror’s plan to develop the ICN’s business and its commitment to the people of Iowa, such as new product lines, business expansion, technological innovation and estimated capital expenditure over a five year period. Offerors should note that an objective of the ICN privatization is to not only to maintain ICN’s business, but that such business be expanded in terms of range of technologies and services offered, employment opportunities created and geographic scope of markets served.</p> <p>3. a description of the Offerors plan to comply with the listed statements contained in Section IV.A entitled “Definitions, Assumptions and Objectives.” Each Offeror must submit a compliance statement and description of the Offeror’s plans for meeting the requirements of the RFP.</p> <p>4. All proposals must remain valid and in effect for a period of twelve (12) months from submission date.</p>		
<p>Rate and Service Plans. Each proposal should contain a description of how the Offeror plans, for the first five years after privatization, to: (a) contain or mitigate upward pressure on rates; (b) improve service performance levels and conform to the minimum objective service standards as set forth in Appendix G ; and (c) otherwise comply with the requirements of this RFP.</p> <p>Offeror should describe any plans for enterprise improvement including infrastructure enhancements and new product offerings.</p> <p>Each Offeror should provide its plans and commitments to implement expansion of the current ICN in the areas addressed by this RFP. These plans should be of sufficient detail to provide a clear understanding of the result and the Offeror’s commitment to the project.</p>	Detailed Response Required	
<p>Confidentiality. The Offeror’s proposal should include two executed original copies of the Confidentiality Agreement included in Appendix I. For joint proposals, both the offering entity and each affiliate (owner) should submit two executed original copies of the Confidentiality Agreement.</p>	Document Required	